

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7064**

**BILL NUMBER:** HB 1554

**NOTE PREPARED:** Jan 12, 2009

**BILL AMENDED:**

**SUBJECT:** Clean Energy Vehicles.

**FIRST AUTHOR:** Rep. Battles

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** *Clean Energy Vehicle Purchases:* The bill provides that if the state purchases or leases a vehicle after December 31, 2009, it must purchase or lease a clean energy vehicle unless the Department of Administration (DOA) determines that the purchase or lease of a clean energy vehicle: (1) is inappropriate because of the purposes for which the vehicle will be used; or (2) is not economically feasible.

*Indiana State Police Exempt:* The bill specifies that these requirements do not apply to the purchase or lease of vehicles by or for the Indiana State Police Department (ISP).

*Preference for Indiana Built:* It requires the DOA to adopt rules or guidelines to provide a preference for the purchase or lease by state entities of clean energy vehicles manufactured wholly or partially in Indiana or containing parts manufactured in Indiana.

*Reporting:* The bill provides that before August 1 of 2010 and each year thereafter, each state entity shall submit to the DOA information regarding the use of clean energy vehicles and alternative fuels by the state entity. It also requires the DOA to submit a report to the General Assembly and to the Governor before September 1 of 2010 and each year thereafter that lists the information for each state entity and for all state agencies in the aggregate.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** *Clean Energy Vehicle Purchases:* Cost savings to the state would result from purchasing vehicles that cost less to operate and maintain. The fiscal impact of this bill will depend on

the vehicles purchased. Reporting requirements under the bill are not expected to increase costs since agencies already report this information to Fleet Services.

*Preference for Indiana Built:* The bill may add cost to vehicle purchases by requiring DOA to adopt rules or guidelines to provide a preference for the purchase or lease of cars manufactured in Indiana or with parts made in Indiana. A current Buy Indiana preference gives a 1% to 5% price preference to Indiana products.

Background: As of April 2008, there were 2,500 state-owned vehicles assigned to universities. As of January 1, 2009, the state had 4,056 passenger vehicles (less than ½ ton) in its inventory, excluding vehicles used by the ISP and by state universities. Of these vehicles,

- 1,395 are flex-fuel vehicles.
- 6 are hybrids.
- 4 use diesel fuels.

The state purchases vehicles through quantity purchase agreements (QPA) with car dealerships, and the universities may purchase under the state contracts, but do their own purchasing. Currently, the DOA applies the Buy Indiana preference which is applied to the QPAs for vehicles with regard to the dealership. Applying Buy Indiana preference to the manufacturer of the vehicle is complicated by the manufacturers not providing the percentage of parts used by geographic origin and the frequent changing of the mix (by geographic origin) of the parts used in the manufacture.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DOA, Agencies operating state vehicles.

**Local Agencies Affected:**

**Information Sources:** Elizabeth Lerch, DOA, 317-232-2375; Dollyne Sherman, Bureau of Motor Vehicles, email dated January 9, 2009.

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